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## QUEER DIPLOMACY WITH CASTRO.

BY HERBERT W. BOWEN, FORMERLY UNITED STATES MINISTER  
TO VENEZUELA.

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AFTER the blockade instituted in December, 1902, by Germany, Great Britain and Italy had been raised, and protocols had been signed for the settlement of all duly recognized claims of foreign nations against Venezuela, Venezuela enjoyed a short period of tranquillity; but, by the beginning of 1905, every legation in Caracas had a list of grievances founded on alleged unfair awards of arbitrators, on denials of justice on the part of the Venezuelan Courts and on the diminution by President Castro of the percentage he had agreed to pay to the creditor nations from the receipts of his custom-houses. Moreover, Germany and Great Britain began to show signs of restlessness, because President Castro had not provided, as had been agreed in the protocols, for the payment of interest to British and German bondholders. The situation looked even worse than before the blockade, for the principal nation aggrieved was the United States, and it had the moral support of all the other nations represented in Caracas by legations.

The main issue between the United States and Venezuela was the asphalt case. In July, 1904, President Castro had demanded ten million dollars from the American Company, known as the "New York and Bermudez Asphalt Company," and had threatened, if that amount was not paid immediately, that the whole asphalt lake and the property of the Company would be seized. He based his demand on the alleged support given by the Asphalt Company to the Matos revolution of 1902; but, as he did not demand anything from the countless other supporters of the revolution, it was clear that his demand on the Asphalt Company was piratical. The demand was refused, and the lake

and property were seized. The Government of the United States naturally protested vigorously against President Castro's high-handed procedure, sent a military attaché to Caracas and prepared, as the newspapers announced, to take drastic measures to secure justice and to maintain its dignity and prestige.

At this juncture, a proposition was made by the American legation at Caracas to President Castro, to settle by arbitration all pending disputes with the United States and other nations. His Minister for Foreign Affairs urged him to accept the plan, and he finally gave a favorable answer. President Roosevelt and Mr. Hay were then consulted, and they at once approved of the main part of the plan, as is shown by the following extract from our book of Foreign Relations, 1905:

*"The Secretary of State to Minister Bowen. Telegram—Paraphrase.*

*"January 9, 1905.—Mr. Hay states that the President approves acceptance of 5,000,000 bolivars, annually to be paid to all creditor Powers from customs revenues, provided said Powers assent. The President could not interfere in any way in relation to German and British bondholders, that being a question in which the Government is not concerned.*

*"The President approves the suggestion of an arbitration treaty with the United States for settlement of all questions which, being of a diplomatic character, cannot be settled by mutual consent. Also of the provision to settle by arbitration unsettled claims of all the Powers, except contractual claims and bonds held by citizens of other Governments.*

*"The Department will cable Mr. Bowen bases of protocol for arbitration of all disputed claims of the United States and other nations, excepting bonds and all claims of a contractual nature.*

*"The Department will take under advisement the question of a permanent treaty of arbitration."*

President Castro was duly informed of the entire contents of the cablegram, and it seemed to him and his Ministers perfectly satisfactory. Private arrangements were made with the British and German bondholders, and ultimately their claims were duly paid; so the situation was favorable to a clean and complete settlement of all the grievances of the creditor nations. The bases of the protocol promised by Mr. Hay were, consequently, now eagerly awaited. They would, it was thought, mark the beginning of a new era in South-American diplomacy, promote arbitration generally, and lessen to such an extent the causes for

European aggression in South-American waters as practically to relieve the United States of all apprehension that the Monroe Doctrine would be attacked. Three days after the receipt at Caracas of Mr. Hay's cablegram—to wit, on January 12th, 1905—the promised protocol arrived by cable. It was signed by Mr. Loomis and did not cover the 5,000,000 bolivar agreement, nor the claims of other nations, nor anything except the asphalt case! And it was couched in such displeasing terms that President Castro immediately rejected it. No word of explanation or apology accompanied it. The Venezuelan Government, as well as the American Minister, was astounded. Subsequently, it was learned that the entire protocol had been written by the attorney of the Asphalt Company. The explanation offered by President Castro's friends was that the Asphalt Company feared arbitration, and so broke up the entire scheme by getting an offensive protocol sent to President Castro. Negotiations were continued for a time to induce President Castro to settle the asphalt case, but he sent to Washington an agent, who succeeded absolutely in undermining the influence of Mr. Hay, as is shown by his cablegram to President Castro sent just after Mr. Hay addressed his so-called "ultimatum" to Venezuela, and stating in substance that after President Castro had answered the ultimatum the matter would be allowed to drop.

Several attempts have been made to fix on Mr. Hay the responsibility for all the occurrences in the Department of State at this time, but it is now pretty generally known that he was utterly unable to cope with the forces arrayed against him.

President Castro was, of course, much pleased to have the whole scheme of arbitration fail, for he would not now have to pay a fixed and fair sum from the receipts of his custom-houses, nor settle his other debts, nor have the acts and decisions of his courts reviewed and criticised by arbitrators. The entire result was satisfactory to him. The United States had practically said to him: Arbitrate or fight. He had serenely answered that he would do neither. He was then asked to settle the controversy by diplomacy, but by this time he was unwilling to do so, as he had become a strong supporter of the Calvo and the Drago Doctrines, which, if generally accepted, would prevent foreign nations from enforcing their right to protect their citizens and subjects from spoliation in South-American countries, and from

collecting their debts by armed intervention or occupation of territory. In short, President Castro joined the ranks of those who want all the rights of sovereignty without any of the responsibilities.

As Venezuela is the most turbulent of the South-American Republics, and as they are all aware that we proposed to her a far-reaching scheme of arbitration, and then dropped it without excuse or apology, it would seem as if we have united them all more closely in their support of the Calvo and Drago Doctrines, and have, on the other hand, strengthened the determination of Europe to ignore those Doctrines, thereby increasing the chances of conflict between the European and South-American Governments, and adding to the possible dangers that may disturb our own tranquillity and peace.

HERBERT W. BOWEN.